



European Semester Spring Package: Paving the way for a strong and sustainable recovery

Brussels, 2 June 2021

The European Commission has today presented the European Semester Spring Package, which focuses on providing fiscal guidance to Member States as they continue the process of gradually reopening their economies. This guidance aims to help Member States strengthen their economic recoveries, making the best possible use of the Recovery and Resilience Facility (RRF), the key instrument at the heart of NextGenerationEU. The European Semester has been adapted this year, given the links to Member States' recovery and resilience plans, laying out the investments and reforms that the RRF will finance.

Fiscal policy guidance and the continued application of the general escape clause

The activation of the general escape clause of the Stability and Growth Pact in March 2020 allowed Member States to react swiftly and adopt emergency measures to mitigate the economic and social impact of the pandemic.

On March 3 2021, the Commission's [Communication on fiscal policy](#) clarified that the decision to deactivate the general escape clause should be taken based on an overall assessment of the state of the economy based on quantitative criteria, with the level of economic activity in the EU compared to pre-crisis levels as the key quantitative criterion. On the basis of the Commission's [Spring 2021 Economic Forecast](#), the general escape clause will continue to be applied in 2022 and is expected to be deactivated as of 2023.

Fiscal policy needs to remain supportive in 2021 and 2022. Member States should avoid a premature withdrawal of support and make full use of the RRF funding. The implementation of investments and reforms within the RRF will help to support the economic recovery, foster higher potential growth and employment, reduce imbalances and improve public finances. In 2022, national fiscal policies should become increasingly differentiated, while all Member States should preserve investments to support the recovery. Once conditions allow, Member States should pursue policies to ensure fiscal sustainability in the medium term.

Article 126(3) report on compliance with the deficit and debt criteria of the Treaty

The Commission has adopted a [report under Article 126\(3\) of the Treaty on the Functioning of the EU \(TFEU\)](#) for all EU Member States except Romania, which is already in the corrective arm of the Pact. The purpose of this report is to assess Member States' compliance with the deficit and debt criteria of the Treaty. The analysis suggests that the deficit criterion is fulfilled by Bulgaria, Denmark, and Sweden and not fulfilled by all other Member States. The debt criterion is not fulfilled by 13 Member States (Belgium, Germany, Greece, Spain, France, Croatia, Italy, Cyprus, Hungary, Austria, Portugal, Slovenia and Finland).

The Commission considers that, at this stage, a decision on whether to place Member States under the Excessive Deficit Procedure should not be taken. In the case of Romania, the Commission recommends updating its fiscal adjustment path, targeting a correction of its excessive deficit in 2024.

Addressing macroeconomic imbalances

The Commission has identified macroeconomic vulnerabilities related to imbalances and excessive imbalances for the 12 Member States selected for in-depth reviews in the 2021 Alert Mechanism Report. Three Member States continue to experience excessive imbalances (Cyprus, Greece, and Italy) and nine others are experiencing imbalances (Croatia, France, Germany, Ireland, the Netherlands, Portugal, Romania, Spain, and Sweden).

The implementation of reforms and investments under the RRF is expected to help address the challenges identified over previous Semester cycles and play an important role in addressing existing macroeconomic imbalances.

Enhanced surveillance report and post-programme surveillance reports

The Commission has adopted the tenth [enhanced surveillance report for Greece](#). The report concludes that, despite the challenging circumstances caused by the COVID-19 pandemic, Greece has taken the necessary actions to achieve its specific commitments.

The Commission has also adopted the post-programme surveillance reports for [Ireland](#), [Spain](#), [Cyprus](#), and [Portugal](#). The reports conclude that the repayment capacities of each of the Member States concerned remain sound.

Employment Guidelines

Employment Guidelines set common priorities for national employment policies with a view to making them more inclusive and fair. The Guidelines, adopted in October 2020, were updated to integrate the environmental sustainability and digital dimensions, reflecting the Strong Social Europe for Just Transitions Communication and integrating the UN Sustainable Development Goals (SDGs). They also addressed the consequences of the COVID-19 crisis, providing specific guidance aimed at mitigating the employment and social impact of the crisis.

Given their continued relevance, the Commission proposes to carry over the current Employment Guidelines to 2021, underlining the role of the new EU headline targets set with the European Pillar of Social Rights Action Plan and the policy guidance emerging from the Porto Social Summit.

Members of the College said:

Valdis **Dombrovskis**, Executive Vice-President for an Economy that Works for People, said: *"We are presenting this 'Special Edition' of the Spring Package at a pivotal moment, with our recovery around the corner but with the road ahead still paved with unknowns. We will therefore continue to use all tools to get our economies back on track. We are prolonging the general escape clause in 2022, with a view to deactivating it in 2023. We are encouraging Member States to maintain supportive fiscal policies this year and next, preserving public investment and making the most of the funding from the Recovery and Resilience Facility to boost growth. A sound mix of expenditure - focused on investments while keeping other expenses under control - will facilitate the return to more prudent positions in the medium-term, which will be especially important for high-debt countries."*

Nicolas **Schmit**, Commissioner for Jobs and Social Rights, said: *"At the Social Summit in Porto we defined Europe's social agenda for the next decade in line with the European Pillar of Social Rights Action Plan. The Employment Guidelines proposed today set common priorities for Member States, focusing on quality job creation, modernisation and inclusiveness of labour markets, education and training, as well as adequate social protection and health systems. Turning the Pillar's principles into action through the European Semester will contribute to Europe's resilient, inclusive and sustainable recovery."*

Paolo **Gentiloni** Commissioner for Economy, said: *"A bleak winter is giving way to a bright spring for the European economy. Millions of Europeans are being vaccinated every day and as case numbers decline, restrictions are being eased and confidence is rising. NextGenerationEU is a reality at last. Now we need to get the next steps right. The recovery remains uneven and uncertainty is still high, so economic policy must remain supportive in both 2021 and 2022. Thanks also to the Recovery and Resilience Facility, public investment is set to reach its highest level in more than a decade. Our message today is that all countries should also preserve nationally financed investment. Once health risks diminish, EU countries should transition carefully to more targeted measures to help firms and workers navigate the post-COVID world."*

Next steps

The Commission invites the Eurogroup and Council to discuss the package and endorse the guidance offered today. It looks forward to engaging in a constructive dialogue with the European Parliament on the contents of this package and each subsequent step in the European Semester cycle.

Further Information

[The European Semester 2021 Spring Package: Questions and answers](#)

[The European Semester 2021 Spring Package - Documents](#)

[Communication on the Commission's recommendations](#)

[Commission recommendations](#)

[Report under Article 126\(3\)](#)

[Employment guidelines for 2021](#)

[Tenth enhanced surveillance report for Greece](#)
[Post-programme surveillance report for Cyprus](#)
[Post-programme surveillance report for Ireland](#)
[Post-programme surveillance report for Spain](#)
[Post-programme surveillance report for Portugal](#)
[The European Semester](#)
[European Semester 2021 – an exceptional cycle](#)
[Communication on fiscal policy response](#)
[Spring 2021 Economic Forecast](#)
[Stability and Growth Pact](#)
[Macroeconomic imbalance procedure](#)

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Related media

 [Press conference of Valdis Dombrovskis, Executive Vice-President of the European Commission, Nicolas Schmit and Paolo Gentiloni, European Commissioners, on the European Semester Spring Package](#)

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